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SUBJECT: IRAN REGIONAL PRESENCE OFFICE - WINDOW ON IRAN - JANUARY 20, 2009

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CLASSIFIED BY: Ramin Asgard, Director, Iran Regional Presence
Office - Dubai, DOS.

REASON: 1.4 (b), (d)

¶1. [U] This January 20, 2009 edition of Window on Iran was sent out on that date via classified e-mail.

¶2. [S/NF] Up Against Twenty Billion Dollars of Support, Reformists Wary of AN Fraud: According to a Tehran and Dubai-Iranian businessman close to reformist presidential candidate Mehdi Karroubi, the IRIG Central Bank has printed \$20 billion (200 trillion rials) in alternative currency he called "check money" to support President Ahmadinejad's economic reforms and election prospects. Former Central Bank Governor Mazaheri was reportedly fired because he refused to conduct this project. While this funding stream and AN's access to forex reserves (WOI, 1/13/09) were secret, Supreme Leader Khamenei publicly confirmed his support in a letter to the president, which was published in full in several newspapers, outlining his guidance for Ahmadinejad for execution of the 6th Five Year Plan. Finally, he said that the IRIG had published four million blank identity documents (shenasnameha) to distribute to loyal Basij and pro-AN forces to ensure an AN victory, and showed IRPOff a copy of one such blank shenasname. This businessman noted that the Supreme Leader has never shown such total support of a candidate before, and that AN's position is now very strong. Under these conditions, defeating AN, however, would mean a huge defeat of the core power centers of the IRIG. With this in mind, he noted that both Karroubi and Khatami, who are both aware he meets with foreign officials, had asked him to pass on their interest in having UN observers present during June's elections.

¶3. [C/NF] While AN Still the Favorite; Khatami and Mousavi Both Eying Run: Multiple IRPO contacts report AN continues to enjoy strong backing from the Supreme Leader, but powerful rivals now seem likely to challenge him from the left. Former President Khatami reportedly held his long-awaited meeting with the Supreme Leader a few days ago to discuss his candidacy, at which Khamenei reportedly told him he "does not oppose any qualified candidate from running." As for Former PM Mousavi, he has reportedly told Hashemi Rafsanjani he is serious about running, and Rafsanjani pledged to support him if he does. Sources inside the SNSC reportedly dismiss Mousavi as "essentially a Communist who thinks the state should run everything." Comment: According to well-placed sources, Mousavi and Khatami have long-running differences stemming from conflict in the early

days of the Islamic Republic. Khatami and Mousavi may be coordinating their candidacies, possibly with Rafsanjani's help. Faced with two popular candidates on the left, Khamenei and the Guardian Council may opt to choose the lesser of two evils. In our estimation, this would be the centrist cleric Khatami over the leftist layman Mousavi. This would set the stage for a deeply polarizing election between Ahmadinejad and Khatami, which would actually represent a proxy showdown between arch-rivals and regime pillars Khamenei and Rafsanjani for the future direction of the Islamic Republic.

14. [S/NF] Islamic Azad University Willing To Work with IRPO, May Change Leadership: Senior officials of Islamic Azad University, Iran's largest private university, have indicated they are willing to work with IRPO on academic exchanges and other public diplomacy programming. Azad, with over 70 campuses including one in Dubai, is currently headed by Assadollah Jasbi, but one well-placed IRPO source noted that former FM Ali Velayati may soon take over Azad's leadership. Note: The Islamic Azad University was founded in 1985 by Hashemi Rafsanjani, whose son has directly voiced his strong support for proposed US-Iran academic programming to IRPO contact.

15. [C/NF] Iranian Visa Applicants Consistently Tune in to Voice of America: Dubai IRPO Conoff in late 2008 asked Iranian visa applicants about their television news sources. A significant majority of the applicants reported that they watched foreign news broadcasts for international news. Some even watch foreign broadcasts for domestic news as well. Applicants repeatedly mentioned Voice of America (VOA) as their primary source, although applicants also mentioned CNN, BBC, and Iran's state-owned television channels. A retired female employee of the National Iranian Oil company said that she watches VOA because it is honest, a point echoed by several other visa applicants. The applicants were also unconcerned that satellite

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dishes are illegal; some, with great delight, explained how they hid their dishes. Comment: The Iranian visa applicants as a whole are a wealthier and more Western-oriented segment of the population; their viewing habits may not be representative of the broader population. Although some applicants may have named VOA to curry favor during the interview, applicants at times mentioned the specific shows they like.

16. [S/NF] MOIS Has Official List of Hostage-Takers: According to an Iranian-American businessman with close ties to IRIG officials, the Ministry of Intelligence and Security has a list of the people involved in the November 1979 siege of the American Embassy in Tehran. The IRPO source stated that in response to a specific inquiry about the role of an Iranian individual in the hostage crisis, a senior MOIS's representative to the Supreme National Security Council, offered to check "the list." The IRPO source believes the list compiled by MOIS includes only those persons who planned, executed, and remained actively involved in the embassy takeover. Those participating in the many demonstrations in the Embassy vicinity were not included.

17. [S/NF] Iran Convicts Alaei Brothers on Espionage Charges, Implicates IRPO and Others in "Soft Overthrow" Plot: Our contacts have offered various interpretations of the conviction of Arash and Kamyar Alaei and two unnamed others for espionage, and the subsequent claims of an Iranian intelligence official that exchange programs are a cover for U.S.-orchestrated regime change project geared towards fomenting "soft overthrow" in Iran. One well-placed source told us that the Senior MOIS believed National Academy of Sciences official Glen Schweitzer

was the ringleader for the four-person spying ring, which was allegedly probing the inner workings of the Majles (among their many other alleged activities, apparently. The MOIS also had believed the Alaeis were establishing anti-government networks within the country, he said. Other contacts were more inclined to think the claims of a U.S. spy ring were the result of Iranian paranoia or a broader government effort to control or suppress civil society before Iranian presidential elections rather than any actual evidence in MOIS hands. Comment: The intelligence official's press statement indicated that Iranian intelligence services know much about our exchange programs, information easily obtained from press reports or questioning past participants. How MOIS concocted its elaborate theory regarding their impact, is harder to discern. It appears to us that these latest allegations are more likely a last rebuke to the Bush Administration and a marker laid down for the new Obama Administration rather than a blanket prohibition on further exchanges.

18. [U] Window on Iran is a classified, weekly product providing Washington policy community and Iran watcher highlights of key developments on Iran. It is produced by the Iran Regional Presence Office - Dubai. Please direct any questions/comments to: Kay McGowan (mcgowanka2@state.sgov.gov) or Charlie Pennypacker (pennypacker@state.sgov.gov).
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